

CHAPTER 4

BUDGETARY ACCOUNTING

INTRODUCTION

Information Provided

An understanding of the purpose and application of budgetary accounting should be gained from this chapter. This chapter provides explanation and definition of budgetary accounting terminology, as well as the related specific object codes and their application within the state system. The state accounting system budgetary entries, documents, and reports are detailed. The document control register is explained as a tool for the agency to maintain for monitoring the budget. Examples of budgetary accounting transactions and the system reports are given. Recommended agency procedures for the state budgetary accounting documents and reports are included.

Purpose

The primary purpose of budgetary accounting is to control the availability of funds for expenditure by agencies. Budgetary accounting provides the information necessary to administer and monitor the budget. Within the state accounting system, information is provided as to amounts authorized, amounts made available, agency commitments, and balances available for each fund/center. This budget information may be further defined to control each expenditure category within a fund/center.

Terminology

Key terms for transactions unique to government budgets are defined as follows:

APPROPRIATION - The amount authorized by the State Legislature for use throughout the fiscal year for purposes specified.

The appropriations are necessarily determined based upon projected or estimated revenues. The Budget Committee and the Board of Finance are empowered to adjust or transfer appropriations throughout the fiscal year.

Appropriations are not available for spending until allotted by the Budget Agency.

ALLOTMENT - Budgetary transaction to record the funds made available for agency spending. The Budget Agency authorizes allotments.

ENCUMBRANCE - The commitment or obligation incurred by issuance of a purchase order for goods or services. Encumbrances reduce the allotment balance available for expenditure. An encumbrance is not recognized as an expenditure as the items or services have not been received or paid for.

OVERVIEW OF STATE BUDGETARY ACCOUNTING DUTIES

State Budget Agency

The State Budget Agency is responsible for the proper administration of the budget as approved by the Indiana legislature. The Budget Agency determines funds to be made available to agencies and prepares source documents for budget transactions. The Auditor of State's office then records the entries on the state accounting system. Each fund/center has been assigned a control code by the Budget Agency, which is applied by the accounting system to effect a specific level of budgetary control. Adjustments or transfer requests concerning the agency's budget are reviewed by the Budget Agency. Certain types of such requests are required to be directed to either the State Budget Committee or Board of Finance for official action. Most intra-agency transfers can be considered by the Budget Agency.

Agency's Responsibility

It is the agency's responsibility to operate within the confines of the established budget. The document control register is maintained by agencies in order to monitor available funds. The document control register accounts for the balance of the documents in process which have not yet been entered into the state accounting system. In addition to the document control register, many agencies maintain additional subsidiary records. These additional records are required to be approved by the State Board of Accounts. The scope of such records varies with the information requirements of the agency or programs administered, and as such is not detailed within the state accounting manual.

In order to efficiently operate within the confines of the budget the following objectives should be realized:

- Obtain an understanding of the budget process and the controls or restrictions as applied to each fund/center.
- Prepare requests for allotments (available funds) accurately based upon complete consideration of contracts, planned programs, salaries and fringe benefits.
- Properly classify transactions within the state accounting system as to fund/object/center and the accounting rule applied.
- Be informed of the available balance of each fund/center through proper maintenance and review of the document control register and other applicable subsidiary records.
- Perform timely analysis of the performance of fund/centers comparing budget to actual object totals to-date. Differences may require additional control procedures within the agency and communication with the Budget Analyst.

DOCUMENT CONTROL REGISTER

The Document Control Register is available for agencies to track current unobligated balances. At any given time for any agency there will be encumbrance and expenditure documents that are in transit between the agency and the Auditor of State. The Document Control Register records and summarizes these expenditure and encumbrance documents that have not been posted to the records of the Auditor of State. It must be posted correctly and on a timely basis, to provide the management of an agency with the unobligated or spendable balance in each expenditure category. The agency should maintain a Document Control Register for each fund/center for which they have determined that they need the exact available balance.

A separate Document Control Register would be maintained for each fund/center in the agency that has funds allotted for expenditures. The exception is that prior year centers do not require a Document Control Register as they do not have available allotment balances. Prior year centers are identified by the last digit of one for the center number.

Within the register are pages or sections for each major category of allotment received by the fund/center. The major categories are the second digit of the object. The categories of one through nine correspond between allotment, encumbrance and expenditure objects.

If allotments are made for Total Operating, object 700000, then only one record is required for the fund/center.

If allotments are made by major object category, a separate record must be maintained for each category, one through nine, as applicable.

The Document Control Register may be maintained on a personal computer. The same information must be included as explained in this section. Computerized records should also perform the following calculations:

- (1) Calculate the balance of the documents outstanding.
- (2) Verify that open documents originated equals the balance of documents outstanding.
- (3) Calculate the unobligated balance.
- (4) Provide summary reports of totals for each major category of the unobligated balance, as well as grand totals for the fund/center and the agency.

The DOCUMENT CONTROL REGISTER is composed of three sections, Documents Originated Section, Documents Liquidated Section, and Balance Section.

Documents Originated Section
(Columns 1 thru 5)

The following documents must be posted to the register when they originate in the agency:

L	SDO Reimbursement Voucher	Purchase of services or materials paid from Petty Cash or SDO - Special Disbursing Officer fund. Post the total amount of each major expenditure category.
D	SDO Reimbursement	Non-1099 reportable SDO purchase submitted with the Vendor File Payment Diskette Program.
R	Requisition	Purchase of Materials and Services other than Boise Cascade Summary Billings and Motor Pool requisitions. Post each requisition separately.

VA Voucher Abstract	A Voucher Abstract is composed of one or more claim vouchers or one or more travel vouchers. The total amount of the Voucher Abstract must be posted.
ID Interdepartment Billings	Purchases of materials and services from other state agencies. Post total amount of the ID Billing. Do not post ID Bills for Boise Cascade or Motor Pool. Only include ID Billings that you received from the originating agency for your approval for payment that will then go to the Auditor of State. If an ID Bill has already been charged to your fund/center there is no need to post.
M Motor Pool Requisitions	Requisitions for use of Motor Pool cars either temporary or permanent. Post each temporary requisition in total. Post permanent requisitions monthly for the average amount of the total cost; i.e., one permanent car for twelve months at a total cost of \$1,200.00, post \$100.00 monthly at end of month.

DO NOT POST THE FOLLOWING DOCUMENTS TO REGISTER

ADVICE OF ALLOTMENTS - JOURNAL VOUCHERS

Documents Liquidated Section
(Columns 6 thru 10)

This section of the Document Control Register cannot be posted until the daily Available Funds Activity report has been received from the Auditor of State. Along with this report will be various encumbrances and expenditure documents previously submitted to the Auditor of State. The documents will be used to post the documents liquidated section of the register. Always begin the document liquidation on the first blank line on the register; i.e., a line that contains no posting of documents originated or documents liquidated.

<u>Documents Originated</u>	<u>Liquidated By</u>
L.P. Local Purchases	S.D.O. Reimbursement Voucher
Requisitions	(1) Purchase Orders
Voucher Abstract	Voucher Abstract
I.D. Billings	I.D. Billings
Motor Pool Requests	I.D. Billings

- (1) Purchase orders liquidate requisitions from the Document Register. In most cases the amount listed on the purchase order will not be the same as the amount posted for the requisition because most requisition amounts are estimated.

LIQUIDATE THE AMOUNT OF THE REQUISITION, NOT THE AMOUNT SHOWN ON THE PURCHASE ORDER. Read the above underlined sentence again. Failure to liquidate the exact amount that has been posted in the Documents Originated Section will result in an incorrect balance of documents outstanding. This applies not only to requisitions, but to all posted documents.

Balance Section
(Columns 11 thru 13)

The last three columns on the Document Control Register make up the Balance Section. The total amount of the outstanding or documents in transit to the Auditor of State is very important to the management of a state agency. The total amount of documents outstanding (column 11) can be proven by adding all the items in column 5 not having an entry in column 6. The Auditor's allotment balance is the amount shown on the daily Agency Appropriation and Allotment Trial Balance report received from the Auditor of State. It is emphasized that the Auditor's Allotment Balance shown in column 12 does not relate to the other columns of the register and includes only the items posted to the Auditor of State's records. Column 13, Unobligated Balance or Spendable Balance is computed by subtracting column 11, Balance of Documents Outstanding, from column 12, Auditor's Allotment Balance. The unobligated or spendable balance when properly and accurately determined becomes a valuable tool for agency management to properly plan and administer their programs.

Alternative Methods

The above method calculates the unobligated balance by abstracting the Auditor's Allotment Balance from the Alchemy reports. An alternative method is to post all documents that effect the allotment balance. (This would include Report of Collections for refund of expenditures and those for revenue if revenue is automatically allotted.) Start each page of a major object with the allotment, posting in columns 12 and 13. The Balance Documents Outstanding, column 11, is a running balance of the difference between column 5 and column 10. The Unobligated Balance, column 13, is a running total starting with the allotment, less column 11, plus Report of Collections, less POs. Add column 11 and 13 and post to column 12, Auditor's Allotment Balance. Compare the amount in column 12 to the daily Agency Appropriation and Allotment Trial Balance report received from the Auditor of State.

Either method, a combination, or another method may be used. The key is to know how much unobligated balance is available and not to over spend your allotments. The Auditor of State's office will deny payment if the fund center does not have a positive allotment balance.

DOCUMENT CONTROL REGISTER

Prescribed by the State Board of Accounts
State Form 27011

ACCOUNT NUMBER: 1000/540000/100800

YEAR: FY 1999 - 2000

PAGE: 5

	DATE	DOCUMENTS ORIGINATED					DOCUMENTS LIQUIDATED				BALANCE DOCUMENTS OUTSTANDING	AUDITOR'S ALLOTMENT BALANCE	UNOBLIGATED BALANCE
		DESCRIPTION	T Y P E	DOCUMENT NUMBER	AMOUNT	DATE LIQUIDATED	DATE	ORIGINAL DOCUMENT NUMBER	LIQUIDATING DOCUMENT NUMBER	AMOUNT			
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	01-27-00	BALANCE FORWARD									2,755.00	300,000.00	29,915.00
2	02-07-00	Computer Supplies, Inc	R	0810 003	7,500.00	02-18-00	02-04-00				10,255.00	300,000.00	22,415.00
3								C08100005	B-300VA-105	2,755.00	7,500.00	297,245.00	22,415.00
4	02-08-00	Sam's Paper envelopes	CV	C081000011	137.42	02-11-00					7,637.42	297,245.00	22,277.58
5	02-11-00	Ind. Bus. Sup.-Paper	R	0810007	1,200.00	02-17-00					8,837.42	297,245.00	21,077.58
6	02-16-00	LetterHeads	R	08100010	2,500.00	02-25-00					11,337.42	297,245.00	18,577.58
7							02-11-00	C081000011	C081000011	137.42	11,200.00	297,107.58	18,577.58
8	02-18-00	Envelopes	R	08100011	3,700.00	02-25-00					14,900.00	297,107.58	14,877.58
9							02-18-00	0810003	PO 99111128	7,500.00	7,400.00	289,607.58	14,877.58
10							02-25-00	08100010	PO 99122745	2,500.00	4,900.00	287,107.58	14,877.58
11							02-25-00	08100011	PO 99122752	3,700.00	1,200.00	283,407.58	14,877.58
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BUDGETARY OBJECTS

Within the accounting system for the State of Indiana, objects provide the means with which to record debit and credit information. Objects are the set of codes used to record and classify all transactions. Each object has an associated specific description or definition which applies consistently throughout the state accounting system.

The state accounting system contains objects used to record and retain budget information. The primary purpose of the budgetary objects within the state accounting system is to control the availability of funds for expenditure by agencies. The objects also provide information concerning commitments so that available balances can be determined.

The budget can be defined and controlled for each expenditure category within each fund/center. The budgetary objects correspond to the expenditure objects by use of the same categories, one through nine. As such, the objects can readily control expenses for various category levels. Budgetary objects are used to record the maximum amount authorized by law for expenditure during the year, the portion actually made available to the agency, and the commitments entered into for the fiscal year.

This section begins with a presentation of the budgetary object classes, explaining the basic accounting treatment or application. Then follows the specific definitions of the budgetary object categories, the object numbers and the explanation of their use.

The types of objects used to record budget transactions are: allotments, encumbrances, appropriations, allotted appropriations, and budgetary fund balance. The categories of allotted appropriations and budgetary fund balance use objects which begin with a nine, as do appropriations. These categories are separately accumulated and presented on the monthly Agency Object Trial Balance report. The specific object codes for each category of budget objects are provided in the following sections, as well as the explanation of the definition, use, and source for each.

BUDGETARY OBJECT NUMBER

The object is a six digit number used to record transactions. The first digit is the indicative character. Budgetary objects for the fund/centers are indicated by first digits of either 7, 8, or 9, which represent allotments, encumbrances, or appropriations, respectively. The second digit represents the major category and the third, fourth and fifth digits are the detail. The major categories and detail for budgetary objects generally correspond to the major categories and detail of the expenditure objects. The sixth and last digit is the transfer indicator, which will either be a zero, if not a transfer transaction, or a one for a transfer transaction. The transfer indicator allows for the accumulation of the total transfer transaction amount for each specific object.

A chart of the structure or components of the budgetary objects is provided on the next page.

BUDGETARY OBJECT			
XXXXXX			
X<XXXO>X			
X	X	XXO	X
INDICATIVE CHARACTER	MAJOR CATEGORY	DETAIL	TRANSFER INDICATOR
7 ALLOTMENTS	0 = Total Operating 1-9 Corresponding See Note	Not = 000 Used	0 == > Not a Transfer 1 == > Transfer Object
8 ENCUMBRANCES	3-7 Corresponding See Note	Same as the Associated Expense	
9 APPROPRIATIONS	0 = Total Operating 1 = Personal Services 2 = Other Operating 8 = Budgetary Fund Bal.	000 or <u>5</u> 00 = allotment 000 or <u>1</u> 00 = reserve for encumbrances	

NOTE: Allotment and Encumbrance categories correspond with the Expenditure categories, of object class 5.

BUDGETARY ACCOUNTING APPLICATION

In governmental accounting it is necessary to differentiate between budgetary objects and the remaining other object classifications. The following is a listing of the object classifications. The number shown is the first digit of the six digit object number. The object classes listed below the dotted line are the budgetary objects, indicated by the first digits of six through nine.

Object Classifications

- 1 ASSET
- 2 LIABILITY
- 3 FUND BALANCE
- 4 REVENUE
- 5 EXPENDITURE

- 6 ESTIMATED REVENUE
- 7 ALLOTMENT
- 8 ENCUMBRANCE
- 9 APPROPRIATION

The basic accounting element of debit entries equal to the credit entries applies to governmental accounting with one important distinction. Within the budgetary object classifications a balanced entry is required, whereby the debit and credit are each recorded to budgetary objects. Likewise, an accounting entry recorded to object classifications 1 through 5 requires both the debit and credit to be recorded within object classes 1 through 5. With respect to accounting entries, the budgetary objects are essentially segregated from the other objects. The accounting entries made do not cross the dotted line shown above, although certain transactions require entries to both budgetary objects and other objects. The entries will be made simultaneously and may reference the same document. The balanced accounting entry, or set of entries, occur within the center.

CLASSIFICATIONS OF BUDGETARY OBJECTS

Estimated Revenues

Object classification 6 for estimated revenues is not recorded at the agency or center level. As such, it will not appear on any of the state accounting system reports for agencies. It is a budgetary object class utilized by the Budget Agency.

Allotments

Allotments are the amounts the Budget Agency has made available to the agency for commitment or expenditure. The allotments are usually restricted to the associated category of expenditure, one through nine. An allotment to object 700000 may be used for any expenditure category. However, usually the only allotments to object 700000 are those made automatically by the accounting system for fund/centers with a center control code of six. Center control codes are explained later in this chapter.

Allotment Objects with Descriptions

<u>OBJECT</u>	<u>DESCRIPTION</u>
700000	Allotment for Any Type of Disbursements
710000	Allotment for Personal Service Disbursements
720000	Allotment for Services Other than Personal
730000	Allotment for Services by Contract
740000	Allotment for Materials, Parts and Supplies
750000	Allotment for Equipment
760000	Allotment for Land and Structures
770000	Allotment for Grants, Subsidies, and Refunds
780000	Allotment for In-State Travel
790000	Allotment for Out-of-State Travel

Most allotment transactions are made quarterly from amounts recorded on Budget Allotment forms (BA) issued by the Budget Agency. To initiate the allotment process, the agency responsible for the fund/center must submit a request for allotment form.

Under certain circumstances, the Budget Agency has specifically authorized the Auditor of State to allot funds. In these cases the allotment is recorded from an Auditor Allotment (AA) document.

Fund/centers authorized to automatically allot within the accounting system, as designated by a center control code of six, have the entire accumulated fund balance allotted July first by the opening Journal Voucher (JV 1). Throughout the fiscal year, the revenue recorded to these centers is allotted as well. The allotment of the revenue for these centers is recorded with the Report of Collections form entry (RC). These allotments are made by the system to object 700000, which authorizes availability to any type of disbursement.

Other allotment transactions for a fund/center, such as transfers or adjustments, may be recorded from Budget Allotment (BA) forms prepared by the Budget Agency or from Journal Voucher forms (JV) as prepared by the Auditor of State's office. Transfer transactions are recorded to transfer objects, as indicated by a last digit of one instead of zero.

Allotment transactions for a fund/center are reported to the agency daily on the Agency Available Funds Activity report. The total allotments for each category and the grand total for the center are given on the Agency Appropriation and Allotment Trial Balance report, which is also issued daily. The allotment balance, perhaps the most useful budget information, is calculated and presented on the Agency Appropriation and Allotment Trial Balance report as well. The allotment balance is the amount actually available to the agency for commitment or expenditure, considering the effect of the recorded expenditures and encumbrances. The agency should maintain the document control register to monitor the amount of documents in process, which have not yet been entered into the state accounting system.

Encumbrances

Encumbrances are the commitments or obligations incurred by purchase orders issued for goods or services, as requested by the agency. It is a budgetary entry only as the items or services have not yet been received or paid for. The encumbrance is recorded for the amount of the obligation for one fiscal year. Multi-year contracts then require a purchase order and an encumbrance to be recorded each fiscal year.

The object number for an encumbrance will begin with an 8. The category, or second digit, corresponds with that of the allotment and expenditure objects. The detail is the same as the expenditure, which describes the transaction further within the object category. The second, third and fourth digits are equal to that of the expenditure object (class 5). The fifth digit is not used and will always be zero. The sixth digit is the transfer indicator which is a zero if not a transfer transaction, or a one if a transfer. Encumbrance transfers occur very infrequently, if ever, so the encumbrance object generally ends with a zero.

An encumbrance may be issued for any associated expenditure object category within the accounting system. However, it is most frequently associated with categories 3 through 7. The chart below describes the encumbrance categories generally used. The detail is indicated by "XX". Again, the detail corresponds to that of the expenditure object "5".

Encumbrance Object Categories

<u>OBJECT</u>	<u>DESCRIPTION</u>
83XX00	Encumbrance for Services by Contract
84XX00	Encumbrance for Materials, Parts and Supplies
85XX00	Encumbrance for Equipment
86XX00	Encumbrance for Land and Structures
87XX00	Encumbrance for Grants, Subsidies and Refunds

The source for an encumbrance transaction is a purchase order document issued by the Department of Administration. The purchase order is not official until the Auditor of State certifies that a sufficient balance exists in the fund/object/center to cover the amount of the order and that the funds have been set aside for payment of the order.

Encumbrances are increased by purchase orders issued and decreased by the expenditures for payments of purchase orders. These accounting entries are made automatically by the accounting system through accounting rules when purchase orders and matched invoices for payments are posted. The detail for purchase order documents and matched invoices is provided in Chapter 5, Accounting for Expenditures.

Encumbrance transactions for the fund/center are reported daily on the Agency Available Funds Activity report. The summary of the total encumbrances for each fund/center is given on the Agency Appropriation and Allotment Trial Balance report, which is also issued daily. The encumbrance balance, together with total expenditures recorded, effectively reduces the allotment balance, or amount available to the agency.

Balances of the outstanding encumbrances at the end of the fiscal year automatically carry forward into the next fiscal year. Fund/centers which have been designated with a center control code of three or five, as they operate from legislative appropriations, will have the outstanding encumbrances transfer to a prior year center on July first. The prior year center is the same fund/ center number only with a last digit of the center as a one instead of a zero. Use of the prior year center serves to restrict the availability of unused or canceled encumbrance balances, which are then returned to the fund.

The balanced budgetary accounting entry for the center must be made within the remaining budget object classifications 7, 8 or 9. Each budgetary accounting entry for the center, therefore, requires an equal debit and credit entry within object classifications 7 through 9.

Budgetary accounting entries may be made by use of accounting rules or directly from journal voucher forms. Accounting rules consistently define the accounting entry for most transactions. Each accounting rule represents the set of objects and the debit and credit entry or set of entries to record the transaction. Some budget transactions are recorded from journal voucher forms which specify the objects and accounting entry, or entries.

Most of the accounting entries and rules are determined by the Auditor of State's Office or are applied automatically by the Auditor's computer system. Agencies only specify the accounting rules for transactions entered on Report of Collections and Inter-Departmental Bills prepared. The agency may be required, however, to specify accounting entries for journal voucher requests. In any case, the agency should review and analyze the entries made to the fund/centers for which the agency is responsible.

The accounting entries are not specifically reported as such to the agencies. The daily reports issued are designed to present the effect of the entries, as an increase or decrease, to the object classifications of 4, 5, 7, 8 and 9. The appropriation and allotment balances are also calculated and reported for the center. At month end, the total net debit or credit entry made to each object within the center is given on the Agency Object Trial Balance report, as well as the year to date totals.

Appropriations

An appropriation is the amount of total or maximum resources authorized for the entire fiscal year. Appropriations are not available to the agency for commitment or expenditure until allotted by the State Budget Agency.

Appropriations may be divided between an amount specifically authorized for personal service costs and an amount for other operating costs. If there are no such restrictions, then the appropriation is recorded as authorized for total operating costs. The Budget Agency may then allot the funds to any category.

The appropriation objects are described below.

Appropriation Objects

<u>OBJECT</u>	<u>DESCRIPTION</u>
900000	Appropriation for Total Operating
910000	Appropriation for Personal Services
920000	Appropriation for Other Operating

If the appropriation was established with separate amounts for personal services and other operating, then the allotment will correspond. These are then strictly adhered to. No transfer, to increase or decrease the personal services category of an appropriation or allotment within the center, will be allowed without a formal review and official action of the State Budget Committee.

The majority of fund/centers receive an appropriation from the state legislature. The appropriation amounts are summarized by the Budget Agency and transmitted to the Auditor of State for input on journal voucher. This legislative appropriation is recorded on Journal Voucher #2 each July first. Although, in certain cases, the legislative appropriation may be enacted and recorded at a later date.

The Budget Agency has designated certain fund/centers, which do not receive legislative appropriations, to have the entire fund balance appropriated as well as the revenue received. These fund/centers have been designated with a center control code of five. On July first, the system automatically records an appropriation entry equal to the fund balance for the center. Thereafter, the revenue transactions for the fund/center will then result in an automatic appropriation entry on the state accounting system. This will be indicated by the accounting rule of BC 45 for Report of Collections or BC 25 for an ID Bill. Again, the appropriated amount is not available to the agency until allotted by the Budget Agency.

Upon proper authorization of an appropriation transfer, it is recorded on a journal voucher form. Appropriation objects with the last digit of one, instead of zero, are used to record and summarize transfer transactions.

Appropriation transactions for the fund/center are reported daily on the Agency Appropriation Activity report. Columns for appropriations, transfers, and allotments of appropriations are provided.

The total appropriations recorded are summarized daily on the Agency Appropriation and Allotment Trial Balance report. The appropriation balance is calculated and presented as well.

Allotted Appropriations

An allotment transaction makes the funds available to the agency for commitment or expenditure. The allotment of an appropriation increases the allotment and decreases the appropriation. Separate appropriation object codes are used to record the allotment entry. The allotted appropriation objects correspond to the appropriation objects. These are differentiated by a five as the third digit of the appropriation object, as shown below.

Allotted Appropriation Objects

<u>OBJECT</u>	<u>DESCRIPTION</u>
905000	Allotted Appropriation for Total Operating
915000	Allotted Appropriation for Personal Services
925000	Allotted Appropriation for Other Operating

The descriptions of the allotted appropriation objects correspond to that of the appropriation objects and denotes the allotment category. The Budget Agency may record the allotment associated to object 905000 to the total operating allotment, object 700000, or any category or combination of allotment categories. The allotted appropriation to object 915000 must be recorded to allotment object 710000 for personal services. The amount recorded to object 925000 may be allotted between any of the categories except personal services, 720000 through 790000.

The allotted appropriation transactions for the center, together with the source document reference, are reported on the daily Agency Appropriation Activity report, in the column labeled allotments. The associated entries to allotment objects are also reported on the Agency Available Funds Activity report in a column labeled allotments. The referenced source document is the same for the entry to the allotted appropriation object as for the allotment object entry. Usually, the source document is a Budget Allotment form (BA) issued by the Budget Agency. In a few cases, the Budget Agency has pre-authorized the Auditor's Office to allot funds via the Auditor Allotment transaction (AA).

The effect of entries to allotted appropriation objects is the reduction of the balance of the appropriation, or the amount available for future allotments. The appropriation balance for each center is given on the Agency Appropriation and Allotment Trial Balance report, issued approximately weekly. The total amount recorded to the allotted appropriation objects is equal to the difference between the appropriations and the appropriation balance presented for each category on the Agency Appropriation and Allotment Trial Balance report.

The totals recorded for each specific allotted appropriation object are summarized for the month and year to date on the monthly Agency Object Trial Balance report for the center. This report also summarizes the total entries for each object used by the center.

Use of the allotted appropriation objects within the state accounting system basically serves to record the reduction of the total appropriation which occurs upon allotment.

Budgetary Fund Balance

The budgetary fund balance objects facilitate the balanced accounting entry for the center budgetary transactions. The system has two budgetary fund balance objects which are described below.

<u>OBJECT</u>	<u>DESCRIPTION</u>
980000	Budgetary Fund Balance
981000	Budgetary Fund Balance - Reserve for Encumbrances

The accounting entries made to record the budgetary entries for the center must have the debit equal the credit posted within object classifications 7, 8, or 9. The budgetary fund balance objects are used to record the "other side" of the entry for budget resource or encumbrance transactions.

The budgetary fund balance object 980000 is used to record the budget resource transactions for the center. For most centers, the budget resource is the appropriation recorded by entries to objects 900000, 910000 or 920000. For centers with a control code of six, the budget resource is the allotment to object code 700000. The entry to the budgetary fund balance object 980000 is the other side of the entry to record appropriations for the center, or for control six centers to record the allotments. To record, or increase these appropriations, or for control six only the allotments, the budgetary fund balance object 980000 is debited for an amount equal to the credit to the appropriation or allotment object. A decrease in the appropriation or the control six center allotment would have the reverse entry.

Transfers of the budgetary resources of appropriations, or allotments for control six centers, are also recorded to the budgetary fund balance object. All objects used to record a transfer transaction have a transfer indicator of a one, instead of a zero, as the last digit of the object. The necessary offsetting accounting entry for the transfer of budgetary resources is recorded to object 980001, budgetary fund balance transfer. A debit entry to object 980001 represents a transfer increasing the budgetary resource, which object is credited for an equal amount. The credit to object 980001 is a transfer reduction of the budgetary resource, which object is debited for an equal amount.

The source document for the entry to the budgetary fund balance object is the same document that affects the entry to the budget resource object. Any entry to appropriation object 900000, 910000 and 920000 is recorded to object 980000 as well. For control six centers, all entries to allotment object 700000 are also posted to object 980000. The source document may be a journal voucher entry authorized by the Budget Agency, or an automatic journal voucher entry by the accounting system to record the budget resource. For control code 5 or 6 centers, whose revenue is appropriated or allotted, the source of the entries to the budgetary fund balance object includes Reports of Collection or interdepartmental bills prepared by the agency.

On a daily basis, the increase or decrease to the appropriations and allotments are shown on the activity reports for the center. Each transaction is listed with the source document referenced. As the accounting system requires balanced accounting entries, the transactions recorded to the budgetary fund balance object, 980000, are not also provided.

On a monthly basis, the Agency Object Trial Balance report summarizes the total amount of the entries recorded to each object for the center, for the month and year-to-date. The total entries recorded to the budgetary fund balance object is thus provided for agency review. Generally, the report lists a total net debit entry for the budgetary fund balance object, equal in amount to the associated budgetary resource object(s) total credit entry. Such an entry is used to record the total budget resources for the fiscal year as well as any subsequent increases. The budget resource objects are the appropriation objects, or the allotment for a six control center. A total credit for the month posted to the budgetary fund balance object, with the equal debit posted to the budget resource represents a reduction of resources. A reduction usually results from transfer transactions, so the total entries would be listed for the transfer objects on the Agency Object Trial Balance report.

The budgetary fund balance object does not represent a budget balance or available funds to the agency. It only serves to record the accounting entry for the resource transactions, which is usually the appropriation. The appropriation balance is calculated on the Agency Appropriation and Allotment Trial Balance report. The appropriation balance is the total appropriation recorded less total allotted appropriation objects. The budgetary fund balance object is not affected by entries posted to the allotted appropriation objects. As such, object 980000 cannot be considered as a budget balance.

This also holds true for the centers with the control codes of six, whose budget resource is allotted. The allotment balance is calculated on the Agency Appropriation and Allotment Trial Balance as equal to allotments less expenditures and encumbrances. Encumbrances are recorded to the object 981000, budgetary fund balance - reserve for encumbrance, as further discussed in the next section. For these centers, the budgetary fund balance object cannot be considered a budget balance, due to the effect of expenditure omission. The purpose of these budgetary fund balance objects is merely to record a balanced budgetary accounting entry for the center.

Budgetary Fund Balance - Reserve for Encumbrances

Encumbrances are recorded to accumulate the total commitments or obligations resulting from issuance of purchase orders. Encumbrances are budgetary information only, as the items or services have not been received or paid for. Encumbrances are reduced by the amount of matched payments for purchase order items received. Upon payment, the corresponding expenditure is also recorded.

Any change to an encumbrance object, which has a first digit of eight, must also be recorded to object 981000, budgetary fund balance - reserve for encumbrance. Object 981000, is used to record the "other side" of the accounting entry for encumbrance transactions. Upon issuance of a purchase order, the specific encumbrance object (8 series) is increased by a debit entry and the 981000 object is credited for an equal amount. Upon payment or other reduction of purchase orders, the reverse entry is made.

Accounting entries for encumbrance transactions are applied automatically by the accounting system. The entries are made consistently through application of accounting rules defined by the document type of purchase order or matched payments and the source system of purchasing or accounts payable. All entries to series eight objects, encumbrances, are also posted to object 981000, budgetary fund balance - reserve for encumbrance.

On a daily basis, the changes to the encumbrances are shown on the Agency Available Funds Activity report for the center. Each transaction is listed with the accounting rule and source document referenced. As the accounting system requires balanced entries, the transactions recorded to the budgetary fund balance - reserve for encumbrance object, 981000, are also provided.

On a monthly basis, the Agency Object Trial Balance report summarizes the total amount of the entries recorded to each object for the center, for the month and year-to-date. The total entries recorded to the budgetary reserve for encumbrance object is thus provided for agency review. The year-to-date total credit to object 981000 is equal to the total debit to the category eight encumbrance objects. This year-to-date amount represents the total amount of outstanding purchase orders.

REPORTING OF BUDGET INFORMATION

System Reports Overview

The accounting system for the State of Indiana generates daily detail transaction reports entitled Activity reports, and summary total reports entitled Trial Balance reports for each fund/center. The reports are produced on Alchemy for each distributional agency. The Activity reports are furnished each day for which there are applicable transactions. The Activity reports which provide detail of budgetary transactions are as follows:

Agency Appropriation Activity report - Lists appropriation, appropriation transfers, and allotted appropriations transaction detail.

Agency Available Funds Activity report - Lists allotment, expenditure, and encumbrance transaction detail.

The summary totals of budgetary information are provided in the following reports:

Agency Appropriation and Allotment Trial Balance report - Provides the fiscal year-to-date totals of appropriations, appropriation balance, allotments, expenditures, encumbrances, and allotment balance for each center and grand total for the agency. The report is issued monthly.

Agency Object Trial Balance report - This report is issued monthly. It provides the month-to-date and year-to-date totals of each object and object category for the fund/center. Categories include: assets, liabilities, fund balance, revenues, expenses, appropriations, allotted appropriations, allotments, encumbrances, and budgetary (fund balance or reserves).

The activity reports listed above contain all transactions recorded to object classes 5, 7, 8, and 9 (expenditures, allotments, encumbrances, and appropriations), except for budgetary fund balance and reserve for encumbrances, 980000 and 981000, respectively. Entries to object classes 1, 2, and 3 (assets, liabilities, and fund balance) are also omitted from all activity detail reports. The total amounts recorded to all object codes, however, are given on the Agency Object Trial Balance report. Given an understanding of the accounting entries, as specified by the accounting rules, the effect to the omitted class objects may be readily ascertained through review of the activity reports.

The accounting system reports are also produced on a monthly basis in order to provide a comprehensive source of data. The monthly transaction detail reports will list and summarize all activity previously given on the daily reports. The trial balance reports will reflect total amounts as of the month end. At fiscal year end, each monthly report for a fund/center will be reproduced in a chronological sequence for the purpose of a comprehensive annualized presentation.

Agency Responsibility for Reported Information

The agency must review transaction reports and compare to the source documents. The agency thus shares the responsibility for the information recorded on the state accounting system. The agency copies of source documents are returned with, or before, the distribution of the daily Alchemy reports.

- Source Document Verification Procedures -

The agency must review activity reports and compare to source documents to determine the following:

- (a) All required agency document copies have been returned or received. Form copies of all budget transaction source documents are received by the agency except the system generated journal voucher entries JV 1, 2, 3 and 9999.
- (b) The documents are posted accurately. Verify the amount and object posted and accounting rule applied.
- (c) All transaction entries to the agency's fund/center are properly supported by source documents which belong to the fund/object/center to which they are posted.

The agency's review and comparison of source documents and activity reports should be made in a timely fashion. Any errors or omissions should be immediately reported to the Auditor of State's office. Questions concerning budget transactions may be asked of the Budget Agency Analyst assigned to your agency.

The source documents for budget transactions are summarized on the next page. The document reference numbers, as presented on activity reports, are listed and explained.

Following the source document list, the system reports of budget transactions are explained. An example of each is presented.

LIST OF SOURCE DOCUMENTS FOR BUDGET TRANSACTIONS

Budget Allotments

BAXXXXXX
BA Budget Allotment Document
XXXXXX Prenumbered Form Number

Issued by the Budget Agency. The form is entitled, Advice of Allotment. It is used to record allotments of appropriations and most allotment transfer transactions.

Auditor Allotments

AAXXXXXX
AA Auditor Allotment Document
XXXXXX Auditor's Office Assigned Number

Issued by the Auditor of State's Office with authority granted by the Budget Agency.

Journal Vouchers

JVXXXXXX
JV Journal Voucher Document
XXXXXX Auditor's Office Assigned Number

Journal Vouchers are used throughout the year to record corrections, transfers and adjustments. The following entries are made each fiscal year:

JV000001	Records the balance brought forward to new fiscal year.
JV000002	Records appropriations authorized by the State Legislature.
JV000003	Records state appropriations transferred to dedicated funds.
JV009999	Computer generated closing entry at fiscal year end. Entry made for the center determined by the center control code assigned by the Budget Agency.

Purchase Order

POXXXXXXXX
PO Purchase Order Document
XXXXXXXX Prenumbered Form Issued by Department of Administration.

The amount of the purchase order is recorded as an encumbrance, which reduces the allotment balance available to the agency.

Purchase Order Matched Payments

MXXXXXXXXX
M Matched Payment Document
XXXXXXXXX Vendor Provided Invoice Number, as listed by Agency.

The matched payment reduces the outstanding encumbrance and records the expenditure associated with payment.

Report of Collections

RCXXXXXX

RC

Report of Collections Document

XXXXXX

Number Assigned By Treasurer's Office

Revenue recorded for centers with control codes of 5 or 6 is also recorded as an appropriation or allotment, respectively.

Inter-Departmental Bills

ID###XXXXX

Paper Documents

ID

Inter-Department Bill

###

Supplying or Billing Agency Number

XXXXX

Supply Agency Assigned Document Number

ID##XXXXXX

Batch Processing

ID

Inter-Department Bill

##

Agency System Identifier, such as

ST = Central Stationery

TC = Telecommunications

XXXXXX

Billing Agency Assigned Document Number

Inter-Department revenue recorded for centers with control codes of 5 or 6 is also recorded as an appropriation or allotment, respectively.

ACTIVITY REPORTS WITH BUDGET INFORMATION

Report Headings

The report headings are standardized for the various reports issued from the system. The reports described above as containing budget information each contain the following heading:

Line 1 INDIANA AUDITOR OF STATE [Issuer]

Line 2 Report ID

Report Name

Page Number

Line 3 Run Date and Time [System date and time]

Posting Effective Date

Line 4 Agency Number and Name

Fund Center Number and Name

Center Control Number [1 digit]

Distributional Agency Number [3 digits]

Functional Agency Number [3 digits]

Funds Checking Indicator [1 letter]

The Agency Appropriation and Allotment Trial Balance report summarizes information for all centers of the agency. For this report, line 4 of the heading omits all but the agency number and name. Each fund/center number and center control code is then listed within the body of the report.

Content of Activity Reports

Both the Agency Appropriation Activity report and the Agency Available Funds Activity report list specific budget transaction detail. Each report contains the following columns of information:

<u>Column Heading</u>	<u>Description</u>
EFF. DATE	Effective Date. The date on which the transaction was posted. The date is MM/DD/YR format.
DOC. REF.#	Document Reference Number. This identifies the specific source document which generated the transaction.
AUDIT ID	Reference number for Auditor of State use.
ARULE	Accounting Rule. This identifies the source system and specific rule used to record the accounting entry for the transaction.
OBJECT	The object number posted for the transaction.
MISC. REF.#	Miscellaneous Reference Number is not used at this time.
WN. REF.#	Warrant Reference Number. If a warrant was issued as a result of the transaction, the number is reported. Expenditure and Refund of Revenue transactions result in warrant issuance.

Report Totals

Transactions are sorted and listed in the activity reports by the category of the object posted. The object category is shown as the second digit of the object number. The **POINT TOTAL** is the activity total of each report column for each object category for the period reported. The **CENTER TOTAL** is the activity total of each column for the fund/center for the period defined in the standard heading of the report.

Agency Appropriation Activity Report

The amount of the transaction reported is listed in one of the following columns of the report for which the point and center totals are provided. The totals reported are only for the listed information, for the period of the report only. A sample report is presented on the next page.

APPROPRIATIONS

Appropriation activity during the period defined in the heading of the report appears in this column. The appropriation activity is any entry to objects 900000, 910000, or 920000 for the center.

TRANSFERS

Appropriation transfer activity during the period defined in the heading of the report appears in this column. The object for transfer transactions ends with a one instead of zero as 900001, 910001, or 920001.

ALLOTMENTS

Appropriation allotment activity during the period defined in the heading of the report appears in this column. The objects used to classify allotments of appropriations are 905000, 915000, and 925000.

REPORT ID : GM-AGAPDE		INDIANA AUDITOR OF STATE				PAGE	1
RUN DATE 12/31/1999 03:32:58		AGENCY APPROPRIATION ACTIVITY		12/01/1999 THRU 12/31/1999			
AGENCY 300 NATURAL RESOURCES, DEPT. OF		FUND CENTER 1000 103000 ADMINISTRATION GENERAL				3300300	

EFT DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	WH. REF.#	APPROPRIATIONS	TRANSFERS	ALLOTMENTS
12/30/1999	BA007165	*OL3003674	BC00	915000			.00	.00	1,485,924.00
POINT TOTAL							.00	.00	1,485,924.00
12/30/1999	BA007165	*OL3003818	BC00	925000			.00	.00	325,180.00
POINT TOTAL							.00	.00	325,180.00
CENTER TOTAL							.00	.00	1,811,104.00

Agency Available Funds Activity Report

The amount of the transaction reported is listed in one of the following columns of the report for which the point and center totals are provided. The totals reported are only for the listed information, for the period of the report only. A sample report is presented on the next page.

ALLOTMENTS

Allotment transaction activity during the period defined in the heading of the report. All entries to allotment objects, which begin with a 7, are listed in this column, including transfers.

EXPENDITURES

Expenditure transaction activity during the period defined in the heading of the report. All entries to expenditure objects, which begin with a 5, are listed in this column. Expenditure transactions are further explained in Chapter Five.

ENCUMBRANCES

Encumbrance transaction activity during the period defined in the heading of the report. All entries to encumbrance objects, which begin with an 8, are listed in this column.

REPORT ID : OM-AQAFDE
 RUN DATE 12/31/1999 02:53:11

INDIANA AUDITOR OF STATE
 AGENCY AVAILABLE FUNDS ACTIVITY
 12/01/1999 THRU 12/31/1999

PAGE 1

AGENCY 300 NATURAL RESOURCES, DEPT. OF

FUND CENTER 1000 375330 VARIOUS RESERVOIR INFRASTRUCTURE 6300300

EFF DATE	DOC. REF.#	AUDIT ID	AROLE	OBJECT	MISC.REF#	WH. REF.#	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES
12/01/1999	PR991201	*OK3005757	PR1G	510101			.00	1,450.00	.00
12/01/1999	B-999WC01500	*OLA000430	AP01	512000		016414078	.00	285.70	.00
12/01/1999	PR991201	*OK3005863	PR2A	515001			.00	110.92	.00
12/15/1999	PR991215	*OLN004645	PR1G	510101			.00	2,035.00	.00
12/15/1999	PR991215	*OLN004750	PR2A	515001			.00	157.21	.00
12/29/1999	PR991229	*OL1005367	PR1G	510101			.00	2,150.00	.00
12/29/1999	B-999WC01500	*OL2000442	AP01	512000		016454403	.00	571.52	.00
12/29/1999	PR991229	*OL1005475	PR2A	515001			.00	164.48	.00
POINT TOTAL							.00	6,944.83	.00
12/15/1999	C-7148	*OLO000658	AP01	537000 99750318		016435750	.00	12,522.40	.00
12/15/1999	C-7148	*OLO000985	AP02	837000 99750318		51750261	.00	.00	22,522.40-
12/27/1999	B-C300000679	*OLO000497	AP01	534600		016448502	.00	2,860.00	.00
12/29/1999	C-4	*OL2000629	AP01	537000 00750198		000565928	.00	13,454.40	.00
12/29/1999	C-4	*OLO000899	AP02	837000 00750198		51905399	.00	.00	13,454.40-
POINT TOTAL							.00	18,816.80	35,976.80-
12/27/1999	O-00750344	*OLO003978	PS02	860200 00750344			.00	.00	142,865.00
POINT TOTAL							.00	.00	142,865.00
CENTER TOTAL							.00	45,781.63	106,828.20

Agency Appropriation and Allotment Trial Balance

This daily report gives year-to-date center and agency grand totals for appropriations, appropriation balance, allotments, expenditures, encumbrances, and the allotment balance. If the center has been designated with a control number of 3 or 5, then the totals are also presented for each object category.

The Agency Appropriation and Allotment Trial Balance report functions as a summary of the accumulation of transactions reported on the Agency Appropriation Activity and Agency Available Funds Activity reports. The report columns are explained as follows:

BODY OF REPORT

<u>Column Heading</u>	<u>Description</u>
AGY (Agency)	This identifies the agency number for the fund/center. This will match the agency number in the heading of the report.
FUND	This identifies the fund number being reported on.
CENTER	This identifies the center number being reported on.
PT (Point)	These numbers represent the major object categories that the transactions are being posted to. Valid points are 0 through 9. The point is the same as the object category, or second digit of the object number. An asterisk (*) in this column represents the total for the fund/center. Totals are not given for centers with a control code of six.
CTL (Control)	The control number is listed in the total line for each fund/center. Fund/center controls dictate how revenue is distributed, at what level spending is controlled, and how the fund/center will close at year-end. Valid controls are 3, 5, and 6. See Center Control Reference.
APPROPRIATIONS	This column represents the year-to-date total appropriation amounts (including appropriation transfers) for each fund/center. Appropriations post to 0, 1, or 2 categories for object 900000, 910000, or 920000.
APPR. BALANCE (Appropriation Balance)	This column represents the year-to-date appropriation balance calculated for each fund/center. The balance reflects the total appropriations (including appropriation transfers) <u>LESS</u> any allotted appropriations.
ALLOTMENTS	This column represents the year-to-date total allotment amounts (including allotment transfers) for each fund/center. Allotments post to either 0 <u>OR</u> detail 1 through 9 major categories for object 700000 or 710000-790000.

REPORT ID : GL-AGRVTE
 RUN DATE 12/30/1999 19:44:24
 AGENCY 022 SUPREME COURT

INDIANA AUDITOR OF STATE
 AGENCY REVENUE QUARTERLY TOTALS
 AS OF 12/31/1999

PAGE

FUND	CENTER ID	OBJECT ID	QUARTER 1 ACTIVITY	QUARTER 2 ACTIVITY	QUARTER 3 ACTIVITY	QUARTER 4 ACTIVITY
1000	100220	490100	172.53	.00	.00	.00
1000	100220	490101	405.00	.00	.00	.00
			577.53	.00	.00	.00
1000	100260	496000	187,870.35	203,919.00	.00	.00
1000	100260	496500	2,724.67	2,957.44	.00	.00
			190,594.92	206,876.44	.00	.00
1000	100290	490100	1,050.00	900.00	.00	.00
			1,050.00	900.00	.00	.00
1000	100360	490101	2,335.00	.00	.00	.00
			2,335.00	.00	.00	.00
1000	210220	490000	.00	4,180.00	.00	.00
			.00	4,180.00	.00	.00
2390	102200	490000	.00	49,996.69	.00	.00
			.00	49,996.69	.00	.00
6000	114600	491800	209,050.00	238,935.00	.00	.00
			209,050.00	238,935.00	.00	.00
6000	117400	421000	39,000.00	34,000.00	.00	.00
			39,000.00	34,000.00	.00	.00
6000	134700	490000	4,054.31	1,535.84	.00	.00
			4,054.31	1,535.84	.00	.00
6000	146600	442500	12,500.00	12,500.00	.00	.00
			12,500.00	12,500.00	.00	.00
6000	150300	440501	11,766.67	.00	.00	.00
6000	150300	446501	10,233.33	.00	.00	.00
			22,000.00	.00	.00	.00
6000	160400	491800	.00	6,000.00	.00	.00
			.00	6,000.00	.00	.00

<u>Column Heading</u>	<u>Description</u>
EXPENDITURES	This column represents the year-to-date total expenditure amounts for each fund/center. Expenditures will be totaled by major categories for fund/centers with a 3 or 5 control. Fund/centers with a 6 control reflect total expenditures.
ENCUMBRANCES	This column represents the year-to-date total encumbrance amounts for each fund/center. Encumbrances will be broken down into major categories for fund/centers with a 3 or 5 control. Fund/centers with a 6 control reflect total encumbrances.
ALLOT BALANCE (Allotment Balance)	This column represents the year-to-date allotment balances calculated for each fund/center. The balance reflects the total allotments <u>LESS</u> expenditures <u>LESS</u> encumbrances.

Agency Object Trial Balance

This report is issued monthly for each fund/center. It provides the total amount recorded to each object, for the month and for the fiscal year to date. The total of each object category is presented as well. The object categories include those of assets, liabilities, fund balance, and budgetary fund balance or reserves, which are not otherwise included on reports to agencies.

The report demonstrates that balanced accounting entries were made for the center and provides totals of each particular object. All other system reports present the increase or decrease to the category shown. The Agency Object Trial Balance report presents the total net entry to each object for the center. The report presents debit entry totals as positive and credit entry totals as negative amounts. The balanced accounting entries can then be determined by observing that the total debit entries equal the total credit entries for the center.

Just as debit entries must equal credit entries within any accounting system, so must assets equal liabilities plus fund balance. At this time, liabilities are not recorded on the state accounting system for the fund/centers. Also, throughout the fiscal year, revenue and expense objects must be considered as components of fund balance. Therefore, for each fund/center assets will equal fund balance plus revenue minus expenditures. Cash is the only asset for most fund/centers.

IMPORTANT NOTE: Proceed with caution when reviewing this report. Keep in mind that this report does not provide the available budget balance. The available balances are as shown on the Agency Appropriation and Allotment Trial Balance report. The Agency Object Trial Balance report is designed to summarize the total accounting entries made to each object code for the center. The available balance must then be calculated by subtracting total expenses and encumbrances from allotments. The "Budgetary" object category also is not the budget balance available to the agency. It simply facilitates balanced budget accounting entries for the center. Also, the cash presented is as defined for fund accounting entries, and does not pertain to a bank balance or the available budget balance.

REPORT CONTENT

The center control code of either 3, 5, or 6 is shown as the first digit of the number on the far right side of line four of the heading. The columns in the body of the report are explained on the next page with the report example following.

Column Heading	Description
CATEGORY	The objects reported are categorized as follows with totals presented of each category.
ASSETS	Objects begin with a 1.
LIABILITIES	Objects begin with a 2.
FUND BALANCE	Objects begin with a 3.
REVENUES	Objects begin with a 4.
EXPENDITURES	Objects begin with a 5.
EST. REVENUES	Objects begin with a 6.
APPROPRIATIONS	Objects 900000, 910000, 920000.
ALLOTED APPRO.	Objects 905000, 915000, 925000.
ALLOTMENTS	Objects begin with a 7.
ENCUMBRANCES	Objects begin with an 8.
BUDGETARY	Objects 980000, 981000.
OBJECT	The specific object in which accounting entries have been recorded for the center.
DESCRIPTION	The description of the object.
YTD AMOUNT	The year-to-date posted balance for the object on that line. Debit balances are presented as positive, credits as negative.
MTD AMOUNT	The month-to-date total of amounts posted for the object on that line. Debit balances are presented as positive, credits as negative.

REPORT ID : 01-ACOSTB
 RUN DATE 12/31/1999 02:19:43.2.8

INDIANA AUDITOR OF STATE
 AGENCY OBJECT TRIAL BALANCE
 AS OF 12/31/1999

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CATEGORY	OBJECT	DESCRIPTION	YTD AMOUNT	MTD AMOUNT

ASSETS				
	110000	CASH	107,742.78	.00
	110001	CASH	94,936.44-	14,738.83-
SUB-TOTAL CASH			12,806.34	14,738.83-
TOTAL ASSETS			12,806.34	14,738.83-

FUND BALANCE				
	388880	FUND BALANCE-UNDESIGNAT	14,742.78-	.00
TOTAL FUND BALANCE			14,742.78-	.00

REVENUES				
	421000	OTHER FEES	93,000.00-	.00
TOTAL REVENUES			93,000.00-	.00

EXPENSES				
	510101	SALARIES & WAGES	73,652.58	11,392.02
	513001	PERF ST PD EM CONTR	2,201.35	333.46
	515001	SOCIAL SECURITY	5,608.60	858.75
	515201	BLUE CROSS HLTH INS	1,673.49	299.42
	515301	LIFE INSURANCE	177.45	27.30
	515801	PERF	4,243.78	644.40
	516101	MAKICARE HEALTH	6,033.30	928.20
	517101	DISABILITY	986.31	151.74
	517401	VISION CARE	67.08	10.63
	517801	EMPLOYEE ASSISTANCE	16.38	2.60
	517901	DEATH BENEFITS	51.12	.11
	518101	ST SHARE DEFERRED COMP	225.00	90.00
SUB-TOTAL PERSONAL SERVICES			94,936.44	14,738.83
TOTAL EXPENSES			94,936.44	14,738.83

ALLOTMENT				
	700000	ANY TYPE DISBURSEMENT	107,742.78-	.00
TOTAL ALLOTMENTS			107,742.78-	.00

BUDGETARY				
	960000	BUDGETARY FUND BALANCE	107,742.78	.00
TOTAL BUDGETARY			107,742.78	.00

EXPLANATION OF CASH AND FUND BALANCE

This section provides a basis for an understanding of the budgetary accounting entries, as well as the definition and use of cash and fund balance objects. Such an understanding is required for applying or determining the correct accounting entries and for review of the Agency Object Trial Balance report.

In governmental or fund accounting, cash and fund balance for the center are defined as the total or maximum resources authorized for the fiscal year. State agencies function with resources allocated by the budget process created by law. Resources may be allocated to a fund/center either through appropriations or revenues collected. The cash and fund balance for the center are not associated to a treasury or bank balance, but represent an integration of budget resources, which is usually an appropriation.

On July first, the beginning of the state fiscal year, the cash and fund balance for the center are recorded as equal to the annual legislative appropriation. For the fund types which do not receive legislative appropriations, the cash and fund balance are carried forward from the previous year. The resources available for these fund types, therefore, are affected by the accumulated net revenue or loss recorded.

Throughout the fiscal year, the cash object for every center is increased by revenue transactions and decreased by expenditures, as would be expected. Likewise, for all fund/centers, a transfer of budgetary resources to or from the center, of either appropriations or allotments, correspondingly increases or decreases the cash and fund balance.

Revenue transactions, while consistently increasing cash for all centers, will not necessarily affect the center budget or funds available to the agency. Revenues recorded for fund/centers which receive legislative appropriations do not increase the budgetary balances. The appropriation was made in consideration of estimated or projected revenues. Instead, at the end of the fiscal year the total revenues together with appropriation and allotment balances are reverted, or returned, to the fund. The cash and fund balance for the center will also be reduced leaving an amount equal to the outstanding encumbrances. At the beginning of the next fiscal year, this will become the cash and fund balance of the prior year center, designated by a '1' as the last digit of the center (instead of 0).

For certain fund types, the Budget Agency has determined the budget resource to be the accumulated net revenue, or fund balance. These fund/centers do not receive a legislative appropriation. The resources for these fund/centers are the fund balance plus current revenues collected. The fund balance, changed by the net revenue or loss posted, carries forward from the close of a fiscal year to the beginning of the next fiscal year. The Budget Agency determines whether these resources will be controlled or restricted through an appropriation, or whether the resources will be directly available to the agency as an allotment. During the fiscal year, revenues recorded to the center increase cash and budgetary objects of either appropriations or allotments, as assigned by the Budget Agency.

The total amounts recorded to cash and fund balance for the month and year-to-date is presented on the Agency Object Trial Balance report, together with the amounts recorded to all objects within the center. The change in cash and fund balance objects can be determined from transaction activity. Cash is increased by revenue and decreased by expenditures. Both cash and fund balance are affected by budget transfers to or from another fund/center. Neither the cash or fund balance are necessarily available to the agency. Budgetary accounting entries are required for all centers regardless of the resources applied. The allotment balance is that which is available to the agency for expenditure or commitment.

It is important to emphasize that cash and fund balance do not represent available budgetary balances. Budgetary balances of appropriation and allotments are calculated and presented on the Agency Appropriation and Allotment Trial Balance report.

CENTER CONTROL CODES

The state accounting system has formally integrated budgetary information which serves to control the availability of funds for expenditure by agencies. Each fund/center has been assigned a control code by the Budget Agency, which is applied by the accounting system to effect a specific level of budgetary control. Center control codes provide for consistent, and even automatic, accounting entries to record and differentiate the budget resources and their availability. The center control code dictates the accounting entries for revenue and for the fiscal year-end closing.

Each center has a control code assigned of either 3, 5 or 6. The control for a fund/center is assigned by the Budget Agency based upon legislative decisions and cannot be changed by an agency. The control code for each center is retained within the state accounting system and is included in all but one of the accounting reports to agencies. The control for each center is provided in the body of the Agency Appropriation and Allotment Trial Balance report in the column labeled "CTL." The center control is also listed in the report heading on all Activity reports and on the Agency Object Trial Balance report. In these reports the center control number is not labeled, but is the first digit of a seven digit number on the far right side of the last line of the report heading (under the page number).

Fund/centers receive budgetary resources from either a legislative appropriation (based upon forecasted or estimated revenues) or the actual revenues collected. Fund/centers with a control of 3 receive legislative appropriations as the budget resource. Fund/centers which have budget resources of actual collected revenues including accumulated net revenues, or fund balance, have been assigned control codes of 5 or 6. Control 5 centers have an appropriation entry of the revenue, such that the agency must request an allotment to obtain available funds. Control 6 centers have the budget resources allotted upon receipt and, as such, are immediately available to the agency for expenditure or commitment.

A control 3 center operates from legislative appropriations. Revenue recorded is considered restricted and is not available for agency use. At fiscal year-end, the revenue is returned to the fund to offset the appropriation, which was made in anticipation of such collections. For centers with a control code of 3, journal voucher entry 9999 automatically transfers the appropriation and allotment balances at June 30 to the fund. Any remaining balances in the control 3 center pertain to outstanding encumbrances for purchase orders. The next fiscal year these balances will be added to, or become the balances of the prior year center. The prior year center has the same control code and fund/center number, except the last digit of the center is a one instead of a zero. The prior year center activity is restricted to the payment or cancellation of the associated purchase orders. Center control code 3, therefore, serves to restrict revenue, close appropriation and allotment balances at June 30, and separate current and prior fiscal year activity.

Centers with a control code of 5 operate from actual revenues recorded. This includes the accumulated net revenue from the current year and the fund balance from the prior year. Revenue recorded to a center with a control code of 5 is also immediately entered as an appropriation. The agency must request allotments in order to commit or expend the monies. At fiscal year end, journal voucher 9999 automatically closes the allotment balance to the center's appropriation. The net revenue or loss for the fiscal year remains within the center as an increase or decrease to the fund balance object. Center control code 5 allows the utilization of accumulated revenues as a resource and controls the availability of those resources through appropriation entries.

Centers with a control code of 6 also operate from actual revenues recorded including the accumulated net revenue, or fund balance from prior years. For these centers, the resources are readily available for agency expenditure or commitment. The center control code of 6 indicates that the resources are recorded directly to the center allotment object 700000, available for total operating, or any necessary expense category. The net revenue or loss for the fiscal year increases or decreases the center fund balance object and thus affects future available resources.

The accounting system automatically records the entries described above utilizing accounting rules associated to each center code to consistently record the revenue transactions. The center control code corresponds to the last digit of the accounting rule used to record revenue transactions. The accounting system assigns the accounting rules to transactions listed on Reports of Collections and interdepartment bills in accordance with the center control code. The accounting rules for Reports of Collections are 43, 45, and 46, respectively. For revenue from interdepartment bills, the associated accounting rules are 23, 25, and 26. Refunds of revenue are assigned by the system as either AP A3, AP A5, or AP A6. For the accounting entry made by each and examples of Report of Collections, see Chapter 3, Accounting for Revenue.

A chart summarizing the characteristics for each center control code, as related to various transactions and events is presented on the following page.

SUMMARY OF CENTER CONTROL CHARACTERISTICS

Transactions	Center Control Code		
	3	5	6
APPROPRIATION	Legislative Appropriation JV 2.	Fund Balance Appropriated. Also Revenue.	Not Applicable.
ALLOTMENTS	Agency Requests Allotment by Category. BA issued.	Agency Requests Allotment by Category. BA issued.	Fund Balance Automatically Allotted to 700000, total operating
REVENUE	Restricted Not Available for Expenditure. Acct Rule = BC 43	Received and Appropriated. Acct Rule = BC 45	Received and Allotted. Acct. Rule = BC 46
CLOSING ENTRY	JV 9999 Appropriation and Allotment Balances Returned to Fund.	JV 9999 Allotment Balance Closed to Center Appropriation.	Not Applicable.
PRIOR YEAR CENTER	Yes. Outstanding Purchase Orders at 6/30 transfer to prior year center.	Yes. Outstanding Purchase Orders at 6/30 transfer to prior year center.	Not Applicable.
OBJECT RELATIONSHIPS	At 6/30, total Allotments = Fund Balance = Expenses + Encumbrances.	Total 900000 less Fund Bal. 388880 should equal Total Revenue.	Total 700000 less 388880 should equal Total Revenue.

ACCOUNTING RULES AND ENTRIES

This section provides an explanation of each accounting rule, describes the transaction including the applicable source document, and presents the accounting entry or entries posted by each rule. First, the general function and use of accounting rules is explained and the method with which transactions are reported is summarized. The source systems, used as abbreviations for the accounting rules, are defined.

Accounting rules represent the accounting entry, or set of entries, which the system uses to record the transaction. Accounting rules consistently specify the accounting entry by defining the specific objects and entries which are posted automatically.

The state accounting system requires an associated accounting rule for each accounting entry posted to the fund/center record. For most transactions, the accounting rule is automatically selected by the computer system based upon the transaction object, source system and document type. The Auditor of State staff, however, must manually determine and input the accounting rule for all journal voucher entries, allotment entries, and for high volume (HV) warrant issuances. Journal voucher entries may use any accounting rule, regardless of source system, to effect the necessary accounting entry.

Daily reports of transactions for the fund/center, entitled Activity Reports, list the accounting rule applied to each transaction posted. Since accounting rules consistently define the specific objects which are posted automatically, the entire financial and budgetary accounting entry does not have to be listed for every transaction. The Activity reports present the transaction amount as an increase or decrease to the affected object(s) which begin with a 4, 5, 7, 8, and 9, except for 980000 and 981000. All objects are reported on the monthly Agency Object Trial Balance report with the total net entry amount shown as a debit or credit. The balanced accounting entry, whereby debits=credits, is thus demonstrated to the agency.

Included in the presentation of each accounting rule entry, the Activity Report(s) are given which will list the transaction for certain affected objects posted. Each Activity report which lists the transaction, gives the object number reported, the date, the amount, the document reference number, and the accounting rule applied.

The accounting rule format is two letters indicating the transaction source system, followed by two numbers indicating the specific transaction entry. The transaction source system abbreviations and descriptions are as follows:

BC - BUDGETARY CONTROL

Accounting entries for Reports of Collections, interdepartment bills, and budgetary appropriation and allotment entries.

PS - PURCHASING

Accounting entry for purchase order encumbrances.

AP - ACCOUNTS PAYABLE

Accounting rules for expenditure transactions which result in a state warrant issued, other than payroll.

PR - PAYROLL

Accounting rules for state payroll transactions.

Budgetary Control Accounting Rules

- BC 50 -** This accounting rule represents the accounting entry to post the legislative appropriations to the fund/center. The specified appropriation object, either 900000, 910000, or 920000 is increased by the amount of the appropriation, and the budgetary fund balance object is recorded for the fund/center. An entry to increase the budget resources of the fund/center's cash object and fund balance is made simultaneously.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
980000	Budgetary Fund Balance	\$ XXXX	\$
9X0000	Appropriation		XXXX
110000	Cash	XXXX	
388880	Fund Balance		XXXX

Activity Report Presentation: The amount of the increase to the appropriation object is reported on the Agency Appropriation Activity report.

- BC 51 -** This accounting rule is used to transfer monies from a fund balance undesignated-surplus. These transfers must be approved by the Auditor of State or the Budget Agency.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
388881	Fund Balance - Undesignated	\$ XXXX	\$
110001	Cash		XXXX

A transfer could increase cash (debit) and Fund Balance (credit).

Activity Report Presentation: The transfer is reported on the Agency Available Funds Activity Report.

- BC 00 -** With the use of this accounting rule the system will accept any balanced entry as entered for the center and does not create any other transaction.

This rule is used to record allotments of appropriations as specified by Budget Allotments (BA) or Auditor Allotments (AA). It is also used for corrections or adjusting entries within the center not affecting cash. These entries are specified on the Journal Voucher (JV) form.

The accounting entry made to record allotments of appropriations is given below.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
9X5000	Allotted Appropriation	\$ XXXX	\$
7X0000	Allotment		XXXX

Activity Report Presentation: The amount of the increase to the allotment object is reported on the Agency Available Funds Activity Report.

Other entries made with this accounting rule would appear on applicable Activity Reports for the affected objects.

- BC 11 -** This accounting rule transfers an allotment amount. The transaction will affect allotment, budgetary fund balance, fund balance undesignated, and cash. An allotment increase in a fund/center would create the following entry.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
980001	Budgetary Fund Balance	\$ XXXX	\$
700001	Allotment		XXXX
110001	Cash	XXXX	
388881	Fund Balance-Undesignated		XXXX

BC 30 &

- BC 44 -** These rules create an automatic offsetting entry to the cash object for the center. It is used for Journal Voucher (JV) transfer transactions that affect the fund/center's cash and fund balance objects.

The following budgetary control accounting rules are used for revenue transactions entered from Reports of Collections (RC) or Journal Vouchers (JV) which correct Report of Collection entries. The entries are made automatically by the accounting system, in accordance with the center control code.

- BC 43 -** When the fund/center has a 3 control, revenue is recorded and the cash object is increased. The revenue is considered restricted as no budgetary entry is made. It is not available to the agency.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110000	Cash	\$ XXXX	\$
4XXX00	Revenue		XXXX

Activity Report Presentation: The amount of the increase to the revenue object is reported on the Agency Revenue Activity Report.

- BC 44 -** Refund of Expenditure transaction. The fund/center control is irrelevant. Cash is increased and the expenditure object, specified on the Report of Collections, is decreased.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110000	Cash	\$ XXXX	\$
5XXX00	Expenditure		XXXX

Activity Report Presentation: The amount of the decrease to the expenditure object is reported on the Agency Available Funds Activity Report.

- BC 45 -** When the fund/center has a 5 control, revenue will be automatically appropriated. This increases the appropriation and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110000	Cash	\$ XXXX	\$
4XXX00	Revenue		XXXX
980000	Budgetary Fund Balance	XXXX	
900000	Total Operating Appropriation		XXXX

Activity Report Presentation: The amount of the increase to the revenue object is reported on the Agency Revenue Activity Report. The increase to the appropriation object is reported on the Agency Appropriation Activity Report.

- BC 46 -** When the fund/center has a 6 control, the revenue will be automatically allotted. This increases the allotment and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110000	Cash	\$ XXXX	\$
4XXX00	Revenue		XXXX
980000	Budgetary Fund Balance	XXXX	
700000	Total Operating Allotment		XXXX

Activity Report Presentation: The amount of the increase to the revenue object is reported on the Agency Revenue Activity Report. The allotment increase is reported on the Agency Available Funds Activity Report.

The following budgetary control accounting rules are applied automatically to transactions entered for Interdepartment Bills (ID). The revenue entries for the billing fund/center are determined by the corresponding center control code. The revenue and expense transactions are recorded to transfer objects, as indicated by a last digit of one instead of zero.

- BC 23 -** When the fund/center that issued the Interdepartment Bill has a 3 control, revenue is recorded and the cash object is increased. The revenue is considered restricted as no budgetary entry is made. It is not available to the agency.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110001	Cash	\$ XXXX	\$
4XXX01	Revenue		XXXX

Activity Report Presentation: The amount of the increase to the revenue transfer object is reported on the Agency Revenue Activity Report.

- BC 24 -** The expenditure for the fund/center receiving the charge from an Interdepartment Bill is recorded automatically through this accounting rule.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
5XXX01	Expenditure	\$ XXXX	\$
110001	Cash		XXXX

Activity Report Presentation: The amount of the increase to the expenditure transfer object is reported on the Agency Available Funds Activity Report.

- BC 25 -** When the fund/center that issued the Interdepartment Bill has a 5 control, the revenue will be automatically appropriated. This increases the appropriation and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110001	Cash	\$ XXXX	\$
4XXX01	Revenue		XXXX
980000	Budgetary Fund Balance	XXXX	
900000	Total Operating Appropriation		XXXX

Activity Report Presentation: The amount of the increase to the revenue transfer object is reported on the Agency Revenue Activity Report. The increase to the appropriation object is reported on the Agency Appropriation Activity Report.

- BC 26 -** When the fund/center that issued the Interdepartment Bill has a 6 control, the revenue is automatically allotted. This increases the allotment and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
110001	Cash	\$ XXXX	\$
4XXX01	Revenue		XXXX
980000	Budgetary Fund Balance	XXXX	
700000	Total Operating Allotment		XXXX

Activity Report Presentation: The amount of the increase to the revenue transfer object is reported on the Agency Revenue Activity Report. The allotment increase is reported on the Agency Available Funds Activity Report.

Purchasing Accounting Rule

- PS 02 -** This accounting rule represents the accounting entry to record the encumbrance for a purchase order issued.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
8XXX00	Encumbrance Detail	\$ XXXX	\$
981000	Budgetary Fund Balance		
	Reserve for Encumbrances		XXXX

Activity Report Presentation: The increase to the encumbrance detail object for the center is reported on the Agency Available Funds Activity Report.

Accounts Payable Rules

- AP 01 -** This accounting rule represents the accounting entry to record the expenditure for any payment document type which results in a state warrant issued, other than payroll.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
5XXX00	Expenditure Detail	\$ XXXX	\$
110000	Cash		XXXX

Activity Report Presentation: The increase to the expenditure object is reported on the Agency Available Funds Activity Report.

- AP 02 -** This accounting rule is applied automatically upon recording a Matched Purchase Order Payment (M). The accounting entry represented by this rule reduces the purchase order encumbrance. The AP-01 rule is used to record the associated expense.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
981000	Budgetary Fund Balance		
	Reserve for Encumbrances	\$ XXXX	\$
8XXX00	Encumbrance Detail		XXXX

Activity Report Presentation: The decrease to the encumbrance detail object is listed on the Agency Available Funds Activity Report. The associated expenditure entry is simultaneously reported.

The following Accounts Payable accounting rules are applied automatically to record refunds of revenue transactions. Refund transactions occur from Claim Voucher (C) documents submitted with a revenue object listed. The accounting rule corresponds to the center control code assigned by the Budget Agency. The accounting rule effectively reverses the entry which recorded the original collection of the revenue.

- AP A3 -** When the fund/center has a 3 control, the revenue refunded will result in the reduction of the revenue object. There is no effect to budgetary objects or available funds for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
4XXX00	Revenue Detail	\$ XXX	\$
110000	Cash		XXX

Activity Report Presentation: The refund of the revenue object is reported in the Agency Revenue Activity Report for the center.

- AP A5 -** When the fund/center has a 5 control, the refund of revenue will automatically also reduce the appropriation and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
4XXX00	Revenue Detail	\$ XXX	\$
110000	Cash		XXX
900000	Total Operating Appropriation	XXX	
980000	Budgetary Fund Balance		XXX

Activity Report Presentation: The refund of the revenue object is reported in the Agency Revenue Activity Report for the center. The reduction of the appropriation is shown on the Agency Appropriation Activity Report.

- AP A6 -** When the fund/center has a 6 control, the refund of revenue will automatically also reduce the allotment and budgetary fund balance for the center.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
4XXX00	Revenue Detail	\$ XXX	\$
110000	Cash		XXX
700000	Total Operating Allotment	XXX	
980000	Budgetary Fund Balance		XXX

Activity Report Presentation: The refund of the revenue object is reported in the Agency Revenue Activity Report for the center. The decrease to the allotment is shown on the Agency Available Funds Activity Report.

Payroll Accounting Rules [PR]

Each payroll accounting rule corresponds to specific payroll expense object codes. These are presented in the State of Indiana Payroll Manual prepared by the Auditor of State's office. The accounting entry made by each is an increase to the personal services expense object for the center and a decrease of cash.

<u>Object</u>	<u>Entry</u>	<u>Debit</u>	<u>Credit</u>
51XX00	Personal Services Expense	\$ XXXX	\$
110000	Cash		XXXX

Activity Report Presentation: For each payroll issuance, the total amount recorded to each personal services object is summarized for the fund/center and listed as an expenditure on the Agency Available Funds Activity Report. The objects summarized includes that of the total gross payment, state paid FICA, and other state contributions on behalf of the employees.

REQUEST FOR ALLOTMENT

For each fund/center that does not have automatically recorded allotments, the agency must estimate the expenditures for each quarter of the fiscal year and submit to the Budget Agency a Request for Allotment, Form 5750. The estimated amounts that the agency expects the fund/center to spend or obligate must be listed for each quarter of the fiscal year by object category.

The Budget Agency issues annual instructions as to policies and due dates for the completion and submission of the form. This section describes the basic considerations and methods for preparing the Request for Allotment, as well as the required agency verification procedures. The Budget Agency will send blank forms and a Summary of Appropriation Report for each applicable center. The Request for Allotment form must be completed for each current year center with a control code of three or five. It is not applicable to the prior year centers, as their budgetary fund balance equals the encumbrances with no appropriations or allotments posted. The Request for Allotment form is not required for centers with a control code of six, because the fund balance is automatically allotted to object 700000, total operating. The center control codes assigned to the agency's centers are listed in the Agency Appropriation and Allotment Trial Balance Report.

Columns are provided for each of the four fiscal quarters, as well as a reserve. An amount, or percentage, of the appropriation to be set aside in "reserve" may be required by the Budget Agency. The reserve is determined based upon revenue projections and the need to coordinate funding between fiscal years.

In the date column for each quarterly allotment request is the fiscal quarter number, 1-4 or 5 for the reserve, followed by .0 through .9. The numerical designation point zero (.0) through point nine (.9) identifies each major object category of budget and expenditure in the state accounting system. The point zero (.0) line, for total operating allotments, should be left blank. The Budget Agency requires that the quarterly allotment amounts be specified by category. The categories are described as follows:

- .1 Personal Services
- .2 Services Other than Personal
- .3 Services by Contract
- .4 Materials, Supplies, Parts
- .5 Equipment
- .6 Land and Structures
- .7 Grants, Subsidies and Awards
- .8 In-State Travel
- .9 Out-of-State Travel

The total column of all quarterly allotments requested plus the reserve for the fiscal year is equal to the appropriation for the center. The total annual allotment requested for the center, therefore, cannot exceed the amount appropriated less the reserve requirements. A personal services appropriation is the total amount entered as point one. It cannot be adjusted. The other operating expense appropriation is applied to categories point two through point nine. If the center receives a total operating appropriation, however, the allotment request may be applied to points one through nine.

The Request for Allotment form should be completed using the most current information available to the agency. The Budget Agency provides the total annual point allocations from the biennial budget development forms previously submitted by the agency. These category totals may be changed, within the total appropriation, upon preparation of the Request for Allotment. An explanation of the adjusted allocation must be submitted with the Request for Allotment. The agency should consider the changes in spending programs or contract obligations anticipated for the fiscal year. If estimated expenses or appropriated revenues are reduced, then an additional amount should be added to the reserve. Agency procedures to determine such changes may include the review and comparisons of the budget development materials, and the prior fiscal year and current year-to-date category totals of expenditures plus encumbrances. Category totals for the center are presented on the Agency Appropriation and Allotment Trial Balance Report. Further detail of object totals is presented on the Agency Object Trial Balance Report for the center.

The following items should be considered when preparing the original allotment request for a center:

1. The number of pay periods in each quarter varies, the exact amount of each quarterly allotment for personal services (.1) must be calculated.
2. Fringe benefit costs are a part of the personal services allotment. The Auditor of State will automatically deduct the fringe benefit costs from the center. As such, these amounts should not be considered available to support direct payrolls. The percentage of fringe benefits to salaries is determined by the Budget Agency and includes the state share of Social Security, retirement fund contributions, disability and life insurance. A fixed dollar amount is established for the dental and health insurance benefits for each employee. Be sure to include all applicable fringe benefit costs for the number of pay periods in each quarter's personal services allotment request.
3. Utility bills for the month of June, travel claims covering the period June 16 to June 30, payrolls for the period of the last half of June, interdepartmental bills for supplies or services for the month of June, and any other miscellaneous expenses incurred during the period June 16 to June 30 shall be charged to the appropriation for the succeeding year.
4. Annual contract obligations, such as building rent and equipment lease or maintenance agreements, should be shown in the first quarter of the Request for Allotment in category three, Services by Contract. The totals for these annual contracts are obligated (encumbered) at the start of the fiscal year, even though payments are made monthly throughout the year.

Basic Form Completion Procedures

The Request for Allotment form completion procedures are as follows:

1. Complete the form indicating the quarterly allotment amount for each category. Do not include cents. Round to the nearest dollar.
2. Verify that the totals add down and across. Determine that the grand total of the category total column equals the sum of the quarterly allotment and reserve totals.

3. Obtain the signature of the agency head.
4. Retain a copy at the agency accounting department for verification of allotments posted to the center. No documents will be forwarded to the agency upon entry of the allotment transactions.
5. Send the original to the Budget Agency.

Allotment Verification Procedures

The agency should verify each budget allotment (BA) transaction posted for the centers it manages as follows:

1. Review the Agency Available Funds Activity Report issued daily for each center.
2. Compare each Budget Allotment transaction to the Request for Allotment form.
3. Enter a check mark on the Request for Allotment for each amount verified as correctly posted to the center. Notify the Budget Agency of any differences or omissions, which were not otherwise communicated to the agency.

SPECIAL CONSIDERATIONS FOR CONTROL 5 CENTERS

Centers with a control 5 code assigned receive automatic appropriation entries for revenue recorded. The Request for Allotment form is completed using a calculated annual appropriation amount, provided by the Budget Agency, considering the projected revenue for the center. The quarterly allotments transactions are then recorded from the approved Request for Allotment form. The agency is responsible for monitoring the revenue recorded and the appropriation balance for the center. The appropriation balance should not become overdrawn. If revenue decreases, then the agency must transfer the balance necessary or decrease the expenditures and obligations accordingly.

MONITORING OF ALLOTMENT BALANCES - FUNDS CHECKING PROGRAM

Another form of budgetary information integrated into the accounting system is the funds checking program. The program is designed to prevent payment against fund centers with negative allotment balances as stated in IC 4-13-2-18. This control occurs for the categories of Total Operating (major object .0), Personal Services (major object .1), and Other Operating (major objects .2 through .9 cumulatively). Agencies receive a report entitled "Appropriation and Allotment Funds Checking Report" daily. Agencies need to work closely with their Budget Agency Analyst and maintain accurate document control registers to facilitate compliance with IC 4-13-2-18.

Some fund centers have special circumstances which would cause the Auditor to allow an expenditure against a negative allotment. These fund centers have been marked with a Funds Checking designation. These designations appear as a letter after the center control number, functional agency number and distributional agency number in the report headings of the activity reports. If no designation appears then the center is subject to normal funds checking procedures. The following are the designations which have been established:

- - Open ended appropriations - where state funds are by statute appropriated as necessary to pay all expenses.

F - IC 4-13-2-18(i) states that ". . . a notice of federal grant award shall be considered an appropriation against which obligations may be incurred, funds may be allotted, and encumbrances may be made." These centers will be marked with a 'C' if the federal program falls within the Cash Management Improvement Act and an 'F' for all other federal accounts.

I - Investments - Investment purchases are not budgeted and allotted and will cause negative allotment balances with the roll over of investments.

E - Exempt fund centers - This designation is for accounts which have specific statutory exemption.

If a payment is being held due to insufficient allotments, the Auditor's office will send the agency a report entitled "Payments Against Negative Allotments" along with a cover letter explaining that the payment is being held. The Budget Agency is also notified of payments being held. The agency is then responsible for having the necessary allotment processed. The agency should contact their budget analyst for assistance. Once the allotment is processed and the fund center shows a sufficient allotment balance, the payment will be made.

Proper fiscal planning and the maintenance of accurate and current records, prescribed as part of the agency's accounting system, should eliminate overdrafts and thus insure compliance with budgetary statutes and appropriations. See the Document Control Register section of this chapter and the section for Appropriation and Allotment Transfers.

APPROPRIATION AND ALLOTMENT TRANSFERS

The budget process includes agency responsibilities of budget preparation, such as requests for allotments, and the monitoring of the actual obligations incurred through the document control register. Agency budgeting also involves continual planning and comparing, considering the planned fiscal requirements and the remaining budget balances. Changes in conditions, agency plans, or transactions may necessitate an agency request for budgetary transfer. Such transfers should serve to most effectively utilize agency resources throughout the fiscal year.

This section informs the agency accountant as to the transfer transaction requirements for approvals, restrictions, procedures, forms, system accounting entries and report presentation. Later in this section other budgetary transfer transactions are described which may be authorized by the State Budget Agency or the State Board of Finance.

The agency may request the Budget Agency to transfer allotments or appropriations between object categories within a fund/center, or between fund/centers managed by the agency. Allotment transfer requests are to be made on the Transfer Request form [Form B-14]. Appropriation transfer requests are made by formal correspondence to the Budget Agency Director.

The agency may also request an amount to be allotted from a subsequent quarter. This increases the amount available currently, but reduces the amount to be made available in the future. Such a request is also made on the Transfer Request form.

Transfer transactions between funds may be restricted by law. Rotary or revolving funds are to be kept intact. These funds consist of earnings and income only from certain sources. The balance of such a fund does not revert. Rather, it is retained within the fund/center and may accumulate. However derived, the money in the fund shall be used for the purpose designated by law as working capital. ". . . no part thereof shall be used for any purpose other than the lawful purpose of the fund or revert to any other fund at any time." [P.L. 273-1999 Section 1(c)(2)].

Budget Agency Analysts are authorized to approve most allotment transfers within a fund/center. An exception is any transfer to, or from, the personal services category, when the center appropriation was recorded as personal services, object 910000. The formal approval of the Budget Director and the Governor are required for these personal service allotment transfers, as well as all transfers between fund/centers within an agency. It is important then for agencies to consider the time requirements for such approvals and plan any such transactions accordingly. Transfer transaction approvals by the Budget Director and Governor are contained within the formal minutes records of the Budget Agency.

The agency should maintain an awareness of the restrictions for budgetary transfer transactions which may be applicable to each of the fund/centers managed by the agency. These restrictions would apply to those centers with the personal services appropriation, or to revolving funds as explained above. Such restrictions may be listed or entered in agency budget records for necessary reference.

Proper use of the Document Control Register will be of material assistance in determining whether or not expenditures and encumbrances will stay within the allotment for a particular quarter.

ALLOTMENT TRANSFER TRANSACTIONS

If, during a quarter, the agency determines that a center's expenditures plus encumbrances will exceed the amount allotted for a particular major object category (point), an allotment transfer may be requested from the Budget Agency. Allotment transfers within a center may be requested to change available funds between object categories, or to change the fiscal quarter in which funds become available.

When it appears that additional funds are required for a fund/center, the agency should first ascertain the amount required, by object category, for the balance of the fiscal quarter. Also, determine the reason that additional funds are now required and the effect to funding the remainder of the fiscal year. This could entail review of transactions, and comparisons to calculations used to prepare the Request for Allotment. Decisions to reduce or curtail certain expenditures or planned procurements may be required.

The sources first considered for transfer should be those from within the fund/center, which can be authorized by the Budget Analyst. Determine if the amount required is available in other allotment categories within the agency fund/center. The unobligated balance per the document control register for each object category should be reviewed, as it considers the effect of documents in process. If the reason a transfer is needed suggests a reduction in future allotment requirements, then a transfer from a subsequent quarter allotment may be requested. This transfer increases currently available funds, but reduces the future planned quarterly allotment. An example is a seasonal expense incurred.

A significant restriction exists for transfers to, or from, the personal services category, object 710000, when the center appropriation was specifically recorded to object 910000, personal services. In that case, the associated allotment cannot be transferred to, or from, other categories without formal action of the Budget Director and Governor. The Budget Analyst could, however, authorize an allotment transfer from a subsequent quarter's personal services allotment, if a sufficient balance would remain.

If an amount is not available from within the center's other categories or subsequent allotments, then an allotment transfer from another agency center may be considered. Note that allotment transfers between centers are restricted to transfers of currently available funds. An appropriation transfer would be requested for larger transfer requirements.

The allotment Transfer Request Form B-14 may be used to request a transfer from one major budget classification to another, or to obtain an allotment transfer from a subsequent quarters planned allotment. It is also used to request transfers between fund/centers within an agency.

Instructions for the Transfer Request form are:

1. Budget Number - Enter the fund/center number, if the allotment transfer request applies only to one center. Enter "See below" if the transfer is between centers. (See 4 below.)
2. State Agency - Enter the agency name and three digit number.
3. Approp. Name - Enter the fund/center name as it appears on the state accounting system reports.
4. Transfer From, Transfer To line - Enter the fund/center number applicable to each if between fund/centers.
5. Circle the Period Class Code for each side of the transaction. The period class code corresponds to the line numbers on the Request for Allotment form. The first digit of one through four represents the fiscal quarter. A five represents the reserve. (See Note below.) The second digit represents the allotment object category, described as budget classifications on the form.
6. Enter the amounts on the corresponding line(s).
7. Total the transfers from and transfers to columns. The totals must be equal.
8. Enter the Reason for Transfer.
9. Authorized Signature would be that of the Agency Head.

Note: Transfers from the fund/center reserve should not be considered. Contact the Budget Agency prior to submission of any request concerning use of the reserve.

10. Retain a copy of the Transfer Request form for agency records. Send, or deliver, the original and one copy of the Transfer Request form to the Budget Agency.
11. The agency copy of the Transfer Request form should be filed chronologically by the date of request in a pending budgetary transfer file.

STATE ACCOUNTING SYSTEM ENTRY

Allotment transfer transactions authorized by the Budget Agency are then entered into the State Accounting System directly as BA documents or may be transmitted to the Auditor of State for JV entry.

Allotment transfers between fund/centers are recorded to objects which indicate a transfer by the last digit of one instead of zero. The transfer objects then have separately accumulated totals listed on the Agency Object Trial Balance Report. The accounting rule for the transfer between centers is BC 44, which automatically records the transfer of the associated cash and fund balance resource, as well as the entry to the allotment and budgetary fund balance transfer objects.

Object transfer indicators are not used when the transaction occurs within the center. Allotment transfers within a center are recorded as increases and decreases to the original allotment objects, with the last digit of zero. The accounting rule applied to an allotment transfer within the center of BC 00 is also that used to record an original allotment.

The allotment transfer transaction is reported to the agency on the Agency Available Funds Activity Report with the amount listed in the allotment column.

No document is transmitted to the agency upon recording the transaction. The agency is responsible for comparisons to their Transfer Requests form.

AGENCY PROCEDURES UPON ALLOTMENT RECORDED

The agency should be aware of the source of all budgetary transactions affecting their fund/centers. When an allotment transaction is observed on the Agency Available Funds Activity Report it should be traced to the pending Transfer Request file. Contact the Budget Agency for further information if an agency request cannot be located. The agency should verify the allotment transfer transactions as follows:

- Remove the Transfer Request from the pending file and compare information to that of the Activity Report. Determine that the correct fund/center, object and amount were recorded as transferred to, and from, as applicable.
- Enter a checkmark on the Transfer Request form to indicate verification of a correct entry. The document reference number and effective date given on the Activity Report should be entered on the top of the Transfer Request form.
- File the completed Transfer Request form with the Request for Allotment form for the fund/center.
- Post any future quarter allotment reduction to a working copy of the Request for Allotment form, and other budget records maintained by the agency.
- If the allotment transfer request was between two fund/centers, then verify that each was properly recorded and place a copy the Transfer Request form with each affected fund/center Request for Allotment form.

The agency should regularly review the pending Transfer Request file. Contact the Budget Agency concerning requests for transfer within a fund/ center that have not been processed in one week. Transfers between centers take longer. Contact the Budget Agency for the current timetable.

APPROPRIATION TRANSFER TRANSACTIONS

An appropriation transfer between centers managed by the agency may be requested when the amount required for transfer exceeds the amount available as an allotment transfer. This could occur due to changes in funding responsibilities or requirements deemed necessary by agency management. State statute allows for such changes as ". . . every appropriation made and hereafter made and provided, for any specific use or purpose of an agency of the state is and shall be construed to be an appropriation to the agency, for all other necessary and lawful uses and purposes of the agency, subject to the aforesaid request of the agency and concurrence of the budget agency." [(IC 4-12-1-12(e))].

Appropriation transfers are required for larger amounts to be transferred between centers. Such transfers may be made only upon authorization of the Budget Agency Director and approval of the Governor. The agency request for an appropriation transfer is made by formal correspondence from the agency head to the Budget Agency Director. The letter of request should explain the reasons for the appropriation transfer and provide the necessary accounting detail in a schedule as follows:

<u>Appropriation Transfer</u>	<u>Appropriation Transfer</u>
From: fund/object/center	To: fund/object/center
Amount: \$	Amount: \$

The objects specified should be that of an appropriation transfer, either 900001, 910001, or 920001, as applicable. The allotment of the transferred appropriation amount should also be requested within the letter. The transferred amount is generally allotted in full to object 700000 upon entry of the appropriation transfer. The request letter should be signed by the agency head. A copy should be retained in the agency's accounting department, filed chronologically in a pending transfer request file. Contact the Budget Agency for the current time requirement for appropriation transfer transactions.

Upon Budget Agency approval of the transfer transaction, as entered in the official minutes records, the accounting entry is made on the state accounting system. The document reference is BA for transactions entered by the Budget Agency, or a JV if entered by the Auditor of State. The accounting rule of BC 31 is used, as cash and fund balance are recorded as transferred, as well as the appropriation and budgetary fund balance.

The appropriation transfer is reported on the Agency Appropriation Activity Report for each affected center on the effective date of the transaction. The amount is listed as an increase or a decrease in the transfer column. Transaction detail of date, object, document reference, and the accounting rule applied are listed. The other affected center, however, is not referenced. The agency is responsible for determination or verification of the source and amount of all budgetary transfer transactions.

AGENCY PROCEDURES UPON APPROPRIATION TRANSFER

No document is transmitted to the agency upon recording an appropriation transfer transaction. When an appropriation transfer transaction is observed on the Agency Appropriation Activity Report for a center, it should be compared to the pending transfer request correspondence file. Contact the Budget Agency for information if the source of the transfer cannot be ascertained from agency records or prior Budget Agency communication. The following procedures should be performed:

- Remove the applicable transfer request or other documentation from the pending appropriation transfer file.
- Compare the transaction information posted on each agency center Appropriation Activity Report to that requested or otherwise authorized. Determine that the correct fund/object/center and amount were recorded as transferred to and from. Enter a checkmark on the transfer request to indicate observation of the correct entry.
- The document reference number and the effective date, listed in the Appropriation Activity Report, should be entered on the transfer request correspondence copy, for cross reference purposes.

- Determine that the center which received the appropriation transfer, had an allotment posted in an equal amount. Review the Agency Available Funds Activity Report for the allotment column entry. Contact the Budget Agency if the transferred amount was not allotted.
- Place a copy of the verified and referenced transfer request with each affected fund/center Request for Allotment file. For the center transferred from: post the future allotment reduction to a working copy of the Request for Allotment and other budget records maintained by the agency.
- Update the Document Control Register to indicate the available funds in the center which received the appropriation transfer and allotment.

BUDGETARY TRANSFER TRANSACTION BETWEEN CENTERS

The accounting entry made by the State Accounting System for a budgetary transfer between centers is shown below. The budget transfer may be either an appropriation or an allotment transfer. The Agency Appropriation Activity Report for each of the affected centers will list the entry recorded to the specified appropriation transfer object(s). The Agency Available Funds Activity Report for each center will list the entry recorded to the allotment transfer object specified for those transactions. The monthly Agency Object Trial Balance Report for each center provides the total amount entered to all objects, including that of cash, fund balance, and the budgetary fund balance transfer objects.

Accounting Entry for the Fund/Center Receiving the TRANSFER IN:

		<u>DEBIT</u>	<u>CREDIT</u>
110001	Cash	\$ XXX.XX	\$
388881	Fund Balance		XXX.XX
980001	Budgetary Fund Balance	XXX.XX	
7X0001	Allotment Transfer		
	or		XXX.XX
9X0001	Appropriation Transfer		

Accounting Entry for the TRANSFER OUT from a Fund/Center:

388881	Fund Balance	XXX.XX	
110001	Cash		XXX.XX
7X0001	Allotment Transfer		
	or	XXX.XX	
9X0001	Appropriation Transfer		
980001	Budgetary Fund Balance		XXX.XX

Note: The amounts recorded to each object shown above are equal. The allotment or appropriation transfer may have specified categories shown as the second digit of the object, or may be available as total operating with the second digit of zero.

OTHER TRANSFER TRANSACTIONS

Not all budgetary transfer transactions are initiated by the agency. The Budget Agency and the State Board of Finance have the authority to transfer funds. This section begins with a description of these duties and functions. Recall also that the fiscal year-end closing entries include budgetary transfer transactions made by the accounting system in accordance with the center control code.

The State Budget Agency powers and duties include that of reducing or withholding allotments to agency fund/centers as considered necessary to balance the state budget.

Certain funding transfer requirements are implemented by the State Budget Agency as authorized and specified in the Appropriation Act and the State Budget Report. These include transfers of state appropriations to dedicated funds. The Budget Agency may transfer the total specified amount to the agency dedicated fund/center at the beginning of the fiscal year, or on a monthly or quarterly basis. The transfer is made from another of the agency's centers which had received the original appropriation. The agency does not have to request this authorized transfer transaction. The Budget Agency also establishes agency fund/centers for capital projects and transfers these funds as authorized and specified by law. Capital projects are described more fully in that section of this chapter.

The Budget Agency has provided that the Auditor of State may transfer funds between certain agency fund/centers for expediency in accounting for federal grants. Such cases have been determined on a case by case basis. For these transactions, the agency request that by journal voucher the Auditor of State transfer the allotment amount necessary between specified agency fund/ centers.

The Budget Agency can only make budgetary transfer transactions between agencies if the requirements of Indiana Code 4-12-1-14.1 are met.

"For federal aid programs that involve more than one agency, the budget agency may transfer, assign and reassign any part of any appropriation made for the federal aid program from a state agency involved in the program to another state agency involved. However, this transfer may only be made if the uses and purposes to which any part of the appropriation may be transferred, assigned or reassigned are uses and purposes of the federal aid program involved."
[IC 4-12-1-14.1].

The Governor, Auditor of State, and Treasurer of State constitute the State Board of Finance. "The board may transfer money between state funds, and the board may transfer money between appropriations for any board, department, commission, office, or benevolent or penal institution of the state. After the transfer is made, the money of the fund or appropriation transferred is not available to the fund or the board, department, commission, office benevolent or penal or institution from which it was transferred."
[IC 4-9.1-1-7(a)].

BUDGETARY ACCOUNTING FOR CAPITAL PROJECTS

Capital projects include the construction, reconstruction, rehabilitation, repair, purchase, rental and sale of state properties, the purchase and sale of land, including equipment for such properties, and state grants to municipalities for various projects. Appropriations for capital projects are made from several funds, as specified in the Appropriation Act, including the state general fund. Construction, rehabilitation or repair appropriations are made available for a minimum of four fiscal years.

This section explains the approval requirements for each type of capital project, as well as the budgetary accounting transactions. This section does not apply to the construction or maintenance of roads or bridges, or to the acquisition of rights of way for roads and bridges. The appropriations for said projects are received and managed by the Department of Transportation.

According to IC 4-12-1-14(b), all state agency construction grant requests must be approved by the Budget Agency before submission to the federal funding authority. Such projects remain subject to the Public Works Division laws of IC 4-13.6. Budgetary accounting transactions and the fund/ centers necessary for each federally funded capital project are determined by the Budget Agency. The procedures described in the remainder of this section pertain to the use of State appropriations for construction projects.

There are three basic categories of capital projects: preventative maintenance, repair and rehabilitation, and acquisition or new construction.

On July first, the beginning of the state fiscal year, 40% of the biennial amount provided for preventative maintenance is recorded as an allotment transfer from the designated fund to the agency's or institution's preventative maintenance fund/center. Throughout the fiscal year, the Budget Agency reviews and approves all acquisitions for preventative maintenance submitted to the Public Works Division of the Department of Administration.

Amounts appropriated for repairs and rehabilitation and new construction or acquisitions remain controlled by the Budget Agency, and are not made available to the agency until a Project Request has been approved. Project Request forms must be completed by agencies and submitted to the Public Works Division for repair, rehabilitation, or new construction. Those Project Requests approved by the Public Works Division are transmitted to the Budget Agency.

The Budget Agency may approve those Project Requests under \$100,000. Project Requests of \$100,000 and above must be approved by the State Budget Committee. The Budget Committee is comprised of the Budget Agency Director and four State Legislators. State grants to municipalities for capital projects must also be approved by the Budget Committee.

Agencies are to submit their proposals for new projects, construction, additions, building, improvements, or expansions of work requiring additional state expenditures and capital outlays to the Budget Agency for consideration for inclusion in the State Budget Report. [IC 4-12-1-7].

The Budget Agency establishes a capital project center for each approved project request and enters an allotment transfer from the fund designated by the Appropriation Act. The fund/center must be used exclusively for the specified project. The project may include equipment for state properties, as approved.

The allotment balance of fund/centers, established for preventative maintenance, repairs or construction capital projects, does not revert at fiscal year end. The allotment balance carries forward to the next fiscal year. Capital project centers are identified by a center number with a first digit of three. They have a center control code of six, which indicates the nonreverting allotment balance.

Various categories of expenditure may be recorded to a capital project center as necessary for the specific project authorized. However, under no circumstances are capital projects to include personal services or travel expenditures, object categories one, eight, or nine.

Agency requests for additional funds for preventative maintenance, or for a capital project listed in the Appropriation Act, must be approved by the Budget Director and the Governor. Additional funds required for a repair and rehabilitation project may be transferred by the Budget Agency from the same designated source, or from an excess balance of another of the agency's capital project centers.

When a capital project is completed and the final payment recorded, the Budget Agency should be notified. The fund/center number can then be cancelled and any remaining balance returned to the source fund. This transfer increases the amount available for other capital projects.